

**BUDGET ADVISORY COMMITTEE MEETING
DAVIE TOWN HALL
6591 Orange Drive
October 19, 2006 at 5:30 p.m.**

1. ROLL CALL

The meeting was called to order at 5:35 p.m.

Present at the meeting were Chair Dr. Bob Preziosi, Vice Chair Scott Spages, and Committee Members Dan Barr and David Oakes (arrived at 5:40 p.m.). Dr. Kerry Waldee was absent.

Also present from the Town was William Underwood, Director, Budget and Finance Department.

2. APPROVAL OF MINUTES

There were no minutes available to be approved.

3. OLD BUSINESS

3.1 Quarterly Report

- a) **Space Study**
- b) **Cost Recovery**

These items were previously discussed; however, without the previous month's minutes, the Board was unable to continue their discussions.

3.2 Set Fiscal Goals

- a) **Debt Service**

These items are carried on the agenda for ongoing discussion if necessary.

With regard to debt service, Mr. Underwood stated he had provided a proposal to the Board for their review.

Debt service should be at 3-5%, although it is currently at 10%.

The Board asked if they should take a "stand" on a cap for the debt service. It was noted that a motion had been previously made to the effect that they were not comfortable with the debt service rate and should be brought back into the 3-5% range, which motion had been read to Council.

Mr. Underwood indicated he is waiting for the Board's comments with regard to the proposed debt service policy to move it forward. This item will be re-agendized for the next meeting. He added that the debt service policy had helped the Town in obtaining good ratings. It has not yet been adopted by Council.

b) Reserve Budget – not discussed.

Mr. Underwood indicated that the Town has allocated for reserves 9% of the budget. Mr. Underwood felt that 25% should be the minimum, or to have 90 days working cash capital.

3.3 Annual Report – Due January 31, 2006

Chair Preziosi stated he was close to being done and should be able to present it soon. A copy of the report will be attached to the Board's next agenda for review.

3.4 Capital Projects FY 2007-2011

Mr. Underwood stated he had planned to have Mr. Kutney available to explain the capital improvement elements, but he was not available. Mr. Kutney did provide him with documentation for the capital improvement elements and requirements per statute.

Mr. Underwood indicated he advised the Mayor and Council that the Board has recommended postponing and adding elements to the plan. He provided a summary with the \$25 million added for open space, \$300,000 for the general fund, and \$60,000 for the Old Davie School, incorporated into the plan.

The plan has not been approved and there are still unfunded items without resources allocated or available. This matter will be on the Council's next agenda.

Mr. Oakes asked, regarding the wastewater treatment plant and water system, whether the Town is "moving on the edge of disaster," as there has been no upgrade of the sewer and water system. He recommended that the Council look closely at funding as soon as possible the sewer and water systems even if it necessitates floating a bond or allocating current monies in the fund to bring them up to standards.

Mr. Underwood stated that water rates have not been reviewed in six years; however, a company is undertaking a rate study which they should have by the first of the year. It is anticipated rates will be increased subsequently to review and discussion of the study. Chair Preziosi asked if a rate increase could cover the cost of the capital improvement projects or if they needed another bond. Mr. Underwood stated, just to float a bond, there would have to be a rate increase to avoid potential default, as they are technically not receiving sufficient revenues to offset O&M, cover the debt service and meet the rate covenant. The concern was expressed

that if they don't approve a water system expansion, plans for 441 and the redevelopment of Downtown Davie will be unable to move forward as there will not be sufficient resources to support new infrastructure.

It was suggested that: 1) a list of the Board's previous motions be prepared in anticipation of a meeting with the new Town Administrator, 2) that the Mayor personally be advised of the necessity of improving the water system.

Motion made by Mr. Oakes, seconded by Mr. Barr, to advise Town Council that the issue of the water infrastructure system and its impact on Town residents be addressed, with review and action being taken immediately, as well as all sources of funding be explored in order to facilitate a resolution. In a voice vote, the motion passed 4-0.

It was felt that on a more regular basis, at least one Councilmember or department head should attend the Budget Committee meetings to open dialogue on resolving ongoing issues being addressed by the Board, including tuition payments, credit cards, fiscal matters, etc.

Mr. Underwood indicated that staff reviews the credit card reports daily. It was his suggestion, however, that a policy change should be made to implement oversight and limitation of management charge card privileges.

Motion made by Mr. Oakes, seconded by Mr. Barr, to postpone a decision on this issue an additional thirty days. In a voice vote, the motion passed 4-0.

There was general discussion regarding expenditures which would be considered capital improvements as opposed to regular budget expenses.

3.5 FY 2007 Budget

Mr. Underwood stated the budget has been approved. The total is \$98 million with 97% already funded.

3.6 Mark Kutney – Capital Improvement Element

Mr. Kutney was unavailable; this item will be moved onto the next agenda.

4. NEW BUSINESS

Mr. Underwood provided documentation on firefighter, FOP, civilian employee, and police benefits. Information was also provided regarding the different bargaining unions, longevity bonuses, and education allocations.

5. COMMENTS AND/OR SUGGESTIONS – none.

6. ADJOURNMENT

As there was no further business to discuss, Vice Chair Spages made a motion, seconded by Mr. Oakes, to adjourn the meeting at 6:35 p.m. In a voice vote, all voted in favor.

Date approved

Chair/Committee Member